

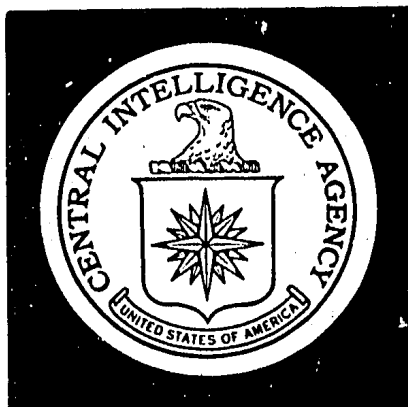
Declassified in Part - <sup>CTS</sup> 25X1  
Sanitized Copy Approved for  
Release 2011/10/31 :   
CIA-RDP85T00875R00160003  


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CIA/OER/IM 70-58



DIRECTORATE OF  
INTELLIGENCE

# Intelligence Memorandum

*Communist China: Economic Aspects  
Of The "Down To The Countryside" Movement*

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ER IM 70-58  
May 1970

Copy No.

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**CENTRAL INTELLIGENCE AGENCY  
Directorate of Intelligence  
May 1970**

**INTELLIGENCE MEMORANDUM**

**Communist China: Economic Aspects Of The  
"Down To The Countryside" Movement**

**Introduction**

Since August 1968, the Chinese Communist regime has been moving large numbers of city residents of various skills and ages to rural areas in a "down to the countryside" movement. This movement has received much attention because it began during the Cultural Revolution and because it embodies some rather utopian ideological objectives. There are earlier precedents for such urban-rural movements in China and this movement has many of the same objectives of these earlier movements. There are indications, however, that the Chinese regime also views this movement as an integral part of its current efforts at rural development. This memorandum briefly reviews the background of the movement, explores the scope of the movement, and the potential economic impact of the movement.

**Background**

1. The assignment of graduates of middle schools and some graduates of colleges to posts in rural areas has been a fairly regular phenomenon in Communist China since 1957. In addition, semiskilled migrants to industry were returned to agricultural production after the Great Leap Forward in 1958-59. Cadres have been assigned to agricultural labor on many occasions during the past 13 years as the result of periodic "criticism" campaigns. Subsequent to 1963, some temporary transfers of medical personnel to rural

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areas were also undertaken by the regime on an experimental basis. Lastly, the current movement of teachers into the countryside reflects, in some respects, the experiments with "work-study" schools of the late 1950s. In sum, the present "down to the countryside" movement is a much broader form of a number of phenomena that have occurred previously in Communist China.

2. The political and ideological aims of the current "down to the countryside" movement—for example, the creation of a race of "new", selfless Chinese and the elimination of social and economic institutions which give rise to Soviet-style "bourgeois revisionism"—have dominated most discussions of the movement. Nevertheless, an economic objective may also be perceived—albeit somewhat dimly—in the movement. This objective appears to be the promotion of increases in agricultural production by supplying the rural production force with persons more capable of both introducing and applying modern technology to agricultural production. In this respect, the "down to the countryside" movement parallels and is complementary to other current regime policies which appear to be aimed at increasing the capital inputs to rural production.\*

### Scope of the Movement

#### *Numbers*

3. As with China's population, the number of persons moved from urban to rural areas in the past two years is not known with any precision. [redacted] a total of more than 7½ million in the period August 1968 to January 1970 (see the Table). The gaps in the coverage of these reports suggest that the number of persons affected by this movement since August 1968 may be three or four times this total. As with earlier attempts at urban-to-rural population movements, some illegal reverse flow has occurred and, in any case, some transferrees were sent out on only temporary assignment. Nevertheless, the movement of people has been large; it is still continuing, and it may have more permanent effects than such earlier movements.

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#### *Type of Personnel*

4. Five general categories of personnel are affected by the movement: students, technical personnel, teachers, medical personnel, and cadres. Each [redacted]

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of these categories has been transferred for different reasons, and some of the personnel have been transferred permanently and others temporarily. Duration of assignments depends upon the nature of their work which determines the degree of problems involved in the transfer. For example, students, teachers, some medical personnel, and some cadres who are assigned permanent rural posts must be integrated into the rural economy. Technical and medical personnel who visit rural areas in mobile teams and cadres attending May 7th schools\* generally do not have to be integrated.

*Students*

5. Students form by far the largest category of personnel affected by the movement—perhaps as much as 70% of all those transferred. Government policy is to send 90% of the middle-school and university students of the classes of 1966, 1967, 1968, and 1969 to PLA farms, state farms, rural construction projects, or rural communes. Although students have been assigned to rural posts over the past ten years, the number of students sent down since the fall of 1968 has been larger than previously for several reasons. First, many students re-entered the cities from rural areas during the Cultural Revolution to take part in Red Guard activities. The regime is now returning these students to the countryside, partly in an attempt to break up the factionalism which accompanied the Red Guard movement. Second, students who would have been in the graduating classes of 1966, 1967, and 1968 were not assigned jobs during the Cultural Revolution, so that a large backlog of unemployed students occurred. Third, graduates of previous years who had remained unemployed in the cities are now included in the rural assignments.

6. Some of the students have become team or brigade accountants. Others have assumed lower level leadership positions. Still others are supposed to open primary schools and conduct part-time study sessions for adults or for students who cannot be spared from labor during the day. In addition, some of the students sent to the countryside are being trained as "barefoot" doctors. Students who originally came from rural areas and students having research skills have been used to open agricultural research stations in the individual brigades. Still other students have been used in commune-run enterprises. And of course, many are probably ordinary field workers.

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\* *Farms established for cadre political indoctrination and basic training in rural production techniques.*

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### *Technical Personnel*

7. Various factories, finance and trade units, and scientific and technical service centers have organized mobile teams of technically trained workers, scientists, and engineers for temporary visits to rural areas. The practical experience provided by touring rural areas is supposed to provide information to their sponsoring units on agricultural problems and is supposed to make team personnel more cognizant of the specific needs of the areas they serve. The teams provide training sessions for peasants and contribute their skills to such problems as pest control, the construction of small plants, and the maintenance of agricultural tools and machinery.

### *Teachers*

8. With the permanent transfer of teachers to rural areas and the associated reorganization of the educational system, the regime seems to be attempting to (a) remold the teachers' ideology and to redirect the goals of education, (b) ease the financial problems of existing schools, and (c) provide additional local schools for rural areas so that education is both available and less costly for rural students. Remolding the teachers' ideology and redirecting the goals of the educational process is supposed to increase the practical problem-solving content of education. The financial problem of expanding the number of schools is being shifted from the central government to the communes and brigades. The regime hopes that by locating schools in the rural areas which they are to serve, the cost of establishing and maintaining the schools can be lowered through work-study programs and more efficient use of local resources. Finally, by locating schools in the countryside, the class schedule can be altered so that the student is free to work and earn income when needed. Thus, the cost of maintaining a student away from home, which would otherwise devolve on the family, is eliminated.

### *Medical Personnel*

9. The transfer of medical personnel to rural areas on both a temporary and permanent basis appears to be an attempt by the regime to build a comprehensive medical network which will eventually encompass every production team throughout China. The lack of rural health care reflects the scarcity and expense of such services in China generally and the concentration of the relatively few hospitals and medical schools in urban areas. The first step in this program has been the organization of mobile medical teams by hospitals and medical schools. These teams administer to the ills of

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people where there are no doctors, learn the health requirements of workers and peasants, train health personnel ("barefoot" doctors) in the rudiments of medicine, provide further training for present doctors, and study the effectiveness of Chinese traditional medicine so that it can be adapted to modern usage.

10. Recent evidence indicates that the dissemination of birth control information and equipment is also a main function of these personnel. In all cases, the emphasis in the medical work and training programs of the medical teams is on preventive medicine and the popularization of basic and relatively low-cost medical and health education measures. Although up to one-third of the medical personnel or medical teachers may be assigned to a team from a hospital or medical school, a core group of medical researchers is to remain at home to conduct research and provide support for the mobile teams. This core group is to be rotated with the mobile teams from time to time so that no group will remain permanently in the field.

11. The second step in providing expanded medical and health services in the rural areas has been the assignment of medical school graduates to establish health centers in rural communes. These centers are primitive by comparison to Western clinics but they do provide a means for examining medical problems, distributing medicine, and assigning difficult cases to more modern medical facilities elsewhere. The health centers provide medical attention to people who previously did not have access to it either because the hospitals were too far away or because the person could not afford to lose the work time needed to visit the doctor. "Barefoot" doctors, who have been trained by the thousands, provide a link between the laborer in the field and the commune health center, serve as supervisors over basic sanitation measures, and carry out inoculation programs to prevent endemic diseases.

12. A third step in attempting to improve medical and health care for the rural population has been to improve individual medical care. The government has encouraged the study of traditional Chinese medicines, which are cheap and more plentiful, to determine their effectiveness and to adapt their use to modern medicine. In addition, in August 1969, the Central Committee ordered a 34% reduction in modern drug prices. Finally, to lessen the cost of medical care to individuals, in 1967, most communes began instituting a medical cooperative insurance scheme. The program is administered by having each member pay a small monthly fee for which he has continued free access to the local health center and medicines. Medical attention which requires the services of an outside facility is only partly

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covered by the program. In addition to lessening the individual burden for medical care by spreading the cost over a broad base, the program also envisions modest accumulation of funds by the commune to purchase medical equipment.

#### *Cadres*

13. The transfer of cadres to temporary or permanent assignment in rural areas seems largely directed toward reforming politically "errant" cadres. Nevertheless, the regime also seems interested in educating government cadres to the requirements of agricultural production and redirecting cadres who are redundant in their administrative posts. Such transfers are not new, and have accompanied most of the cadre reform movements since 1957. It seems probable, however, that larger numbers of cadres may be involved in the current movement than was the case in earlier years.

14. In the early part of the movement, cadres were assigned permanently to posts in the administration of brigades or communes. By mid-1969, however, most cadres were being assigned to May 7th schools, the first of which was established in May 1968. These schools are actually farms set up, for the most part, in relatively primitive rural areas. Cadres sent to these farms are expected to undergo rigorous political training, including self-criticism, as well as to take part in the process of setting up and operating farms and to participate in the harvesting and construction work of production teams in their area. For the most part, cadres assigned to May 7th schools are only temporarily assigned to rural production, although a few may be permanently transferred to communes.

#### **Problem Areas**

15. Realization of any economic potential of the "down to the countryside" movement depends upon a number of factors, especially (a) effectively integrating the newcomers into country life, (b) minimizing the cost burden on the recipient rural areas, (c) obtaining the cooperation of the transferees, and (d) continuing support of the movement by capital inputs into rural production.

#### *Integrating Newcomers*

16. The integration of the transferred personnel into their new area requires organizational forms which can coordinate on the national and province level the assignment of personnel, and can supervise on the local

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level the job assignments and living provisions for the newcomers. The administrative organs for handling distribution of personnel at the national level remain unknown. Since 1968, however, parts of an administrative network below the national level concerned with relocation problems have emerged. Provincial and municipal level governments are taking the requirements of commune revolutionary committees in various rural areas to the revolutionary committees of schools and administrative organs. Students are then assigned through the Graduates' Assignment Offices which already existed in the schools, while teachers and cadres are assigned through the revolutionary committees. The assignment of temporary personnel has also been accomplished through the municipal level governments working with the factory and hospital revolutionary committees.

17. Provisions for smoothing the absorption of the newcomers into rural life also began to appear in early 1969. At that time the local revolutionary committees began to set up "three-in-one" groups (the new arrivals, peasants or workers, and cadres) to solve such problems of assimilation as work training, housing assignment, food provisions and, of course, re-education. In addition, the province level revolutionary committees began sending out "comfort groups", which lend moral support to the transferred persons and provide mediation in cases of serious conflict. Recently, provincial and county level conferences have been held for representatives of transferred youth, which provide a forum for discussing special problems encountered by the transferred personnel and exchanging ideas and experience in dealing with the problem. Thus, the organizational means of facilitating the integration of the reassigned personnel are developing. How effective these organs are remains unknown.

18. The successful integration of the newcomers to rural production requires the maintenance of political control and the absence of factional activity in organs responsible for administering the movement. Without adequate control, the organizational apparatus designed to coordinate and supervise the "down to the countryside" movement cannot function. If the apparatus does not function, then personnel may not be assigned to areas where they are needed and adequate provisions for their settlement may not be carried out and many persons might return to urban areas.

*Burden on Recipient Area*

19. The Chinese government has undertaken several measures to offset the most serious burdens on both the individuals transferred and on the recipient areas. First, every person who has been transferred has been

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provided with a subsidy sufficient to buy some hand tools if needed and food and lodging for six months to one year. Secondly, in areas which have strongly protested that they had insufficient provisions to extend supplies to the newcomers, the government has either reassigned the newcomers or lessened the compulsory grain sales quotas by the amount required to provide the newcomers food for one year. Thirdly, the government is attempting to establish a wage system wherein part of the salaries of teachers and some cadres will be paid either by the commune (rather than the brigade or team) or by the province. No overall system has as yet developed, but the Kirin provincial government expressly stated that teachers are not to suffer a decrease in living standards, even if the government has to supply part of the wages. The wages and maintenance needs of the mobile teams of technicians and medical personnel are generally supposed to be provided by the factory, hospital, or school from which the team originates. Finally, the transferees are being dispersed throughout the countryside rather than concentrated in specific areas, and the movement is being spread over a two or three year period, so as to facilitate absorption as much as possible.

#### *Cooperation of Transferees*

20. The regime is well aware of the reluctance of most urban residents to be transferred and has used both positive and negative incentives to obtain cooperation. A positive value is placed upon rural assignment by the authorities by making rural assignment a means of furthering one's career, and by stipulating that students will not be allowed further education until they have served two or more years in the countryside. Thus, volunteering for temporary assignment on mobile teams could be viewed as a means of gaining favor with the authorities, or at least removing oneself from the line of criticism. Tremendous pressure is exerted upon individuals to volunteer through the general media, through work-study groups who visit their places of study or work, and through neighborhood groups who visit their homes. If a person withstands these pressures, the government can simply transfer the resident registration and the ration card of the individual to his assigned area. In this case, the person becomes an illegal resident in the city, and not only is subject to arrest, but also must buy his food on the black market. Finally, the factor which is most likely to ensure that transferees stay at their rural posts is that, for most of the personnel, few job alternatives exist.

#### *Capital Inputs*

21. Realization of the potential of the "down to the countryside" movement depends not only upon successful handling of the movement of

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personnel, but also upon the complementary flow of capital inputs. Whereas great emphasis has been placed upon innovation, and the transferees are expected to improvise from local resources, development of agricultural production ultimately rests upon supplying the rural producer with new tools, equipment, and techniques. The Chinese government is currently pursuing policies designed to meet some of the needs of raising agricultural production technology. First, industries which can provide tools and machinery to agriculture are directed to do so, supposedly even at the expense of profits. Likewise, the supply of chemical fertilizers from modern plants and from imports is being continued. Second, a rural electrification program directed toward increasing irrigation facilities and mechanizing some aspects of production is well under way. Third, the government is encouraging the development of small plants to provide chemical fertilizer, tools, and some machinery to agriculture. Finally, the government is encouraging the creation of small-scale agricultural experiment stations in all communes which are to experiment with new techniques, chemicals, and machinery so that inputs can be adapted to the crop needs of a particular area.

22. The effectiveness of these policies of providing increased capital inputs cannot be measured at this stage. Nevertheless, it is clear that the government is concentrating on inputs which are relatively low cost and which are relatively elementary in technological sophistication. The government apparently intends to or is content to slowly raise the technological level of agriculture and to gradually increase production.

*Outlook*

23. The overall impetus for the "down to the countryside" movement stems primarily from Mao Tse-tung's insistence upon accomplishing a political and ideological reform of the Chinese people and is only derivatively aimed at achieving economic ends. Thus a diminution of the drive to achieve the primary objective seems also likely to lead to a slowing down and, perhaps, a cessation of the movement of urban residents to rural areas. Similarly, a radical speedup of the overall reform could hazard any potential economic benefits of the movement. Long-term economic benefits of the program are not easily perceived. Nevertheless, such chronic problems as urban housing shortages, urban unemployment, rural illiteracy, and low rural health standards may be eased by the transfer of urban residents to rural areas. Likewise, the regime's current rural development policy should expand rural production to some extent. But benefits would more probably come from an expansion of capital inputs than from the in-migration of

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urban residents. Finally, there can hardly be any doubt that the necessary long-run condition for China's economic development is to transfer people off the farm into urban pursuits.

**Conclusions**

24. Since August 1968, the Chinese regime has been moving large numbers of city residents of various occupations and ages to rural areas in a "down to the countryside" movement. While political and ideological objectives are paramount in this movement, economic objectives can also be perceived. In this respect, the "down to the countryside" movement constitutes an injection of relatively higher skilled labor into the rural economy, and is complementary to other current regime policies which appear to be aimed at increasing the capital input to rural production.

25. A minimum of 7½ million persons were transferred in the period August 1968 to January 1970 but significant gaps in the coverage suggest that the figure may be three or four times this number. Unlike previous movements which concentrated on permanent resettlement of students and cadres, the current movement embodies the permanent and temporary transfer of students, technical personnel, teachers, medical personnel, and cadres.

26. Students form as much as 70% of the "down to the countryside" movement. Their transfer is partly to divert those graduates which industry and the other non-agricultural sectors cannot absorb to agricultural production, and partly to upgrade the educational level of the rural population. In addition, these transfers break up factional gangs which are holdovers from the Cultural Revolution. There is good evidence that most capable students work their way into positions which reflect their talents, including accounting, teaching, health care, research work on experimental plots, and work in commune-run enterprises.

27. Technically trained workers, scientists, and engineers are being sent in mobile teams from urban areas to gather information regarding the requirements of agriculture and to provide direct support for agricultural production by training peasants, solving production problems, repairing machinery, and establishing small plants to support agricultural production. The transfer of teachers to rural areas is intended to help eradicate illiteracy and is supposed to increase the practical problem-solving content of the educational system, and is aimed at alleviating the financial problems of the schools and the students.

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28. Medical personnel are being permanently transferred to set up rural clinics, and temporary medical personnel travel in teams to conduct training programs in health and medicine and to gather information regarding rural health needs. The emphasis of the program is on preventive medicine and the popularization of basic and low-cost medical and health education measures. An important part of this program has been the training of "barefoot" doctors who are basic-level health personnel concerned with prevention and sanitation measures and the birth control program. This program has also been forwarded since 1967 by the development of a medical cooperative insurance scheme.

29. Cadres are being transferred to rural areas on both a permanent and temporary basis chiefly as a means of reforming "errant" cadres but also a means of providing better leadership in rural areas. The May 7th schools have become the main instrument of this policy and, while their major function is political indoctrination, they also serve to introduce cadres to the problems of administering the rural economy.

30. Over the past 18 months, such organizational forms for carrying out the movement as the "three-in-one" groups established at the team and brigade levels to supervise the work and living conditions of the transferees, and the investigation and comfort groups sent from province level revolutionary committees to investigate transfer problems, have appeared. The possible inability of some rural areas to support the transferees has been offset by providing various forms of subsidies and by spreading the movement over time and area to diminish the burden as much as possible. The regime has implied, and a number of persons have concluded, that participation in rural work can further the career of the individual. Also, the transfer of the individual has been made as easy as possible, even to the extent of maintaining current living levels in some cases. Negative incentives include the tremendous pressure exerted upon individuals to accept transfers and the lack of job alternatives in the industrial or other non-agricultural sectors.

31. The provision of capital inputs is crucial for the realization of gains in rural productivity. Along this line a rural electrification program is well under way, and the government is encouraging the development of small plants on the commune level which can provide chemical fertilizer, tools, and some machinery to agriculture. These inputs are relatively low cost and are relatively elementary in technological sophistication, which facilitates their use throughout the entire agricultural sector. However, it is still questionable whether or not these inputs will be provided in sufficient quantity and quality. Finally, the long-run requirement for China's economic development is the transfer of labor out of rural areas and into the cities.

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